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Progress in the construction of new office facilities at the Economic Commission for Africa in Addis Ababa, and update on the renovation of conference facilities, including Africa Hall

Report of the Secretary-General

Summary

The present report is submitted pursuant to General Assembly resolution 71/272 A, section V, in which the Assembly requested the Secretary-General to submit, at the main part of its seventy-second session, a progress report on the implementation of the construction projects and the renovation of the conference facilities, including Africa Hall and the visitors' centre.

Regarding the Zambezi Building, the final completion certificate was issued in the third quarter of 2017 following the rectification of defects and punch list items, and the final retention funds were disbursed. The ancillary projects also achieved substantial completion in the third quarter of 2017, and the final completion certificate will be issued by the third quarter of 2018, after the defects and warranty period.

Regarding the Africa Hall project, the present report provides an update on the design development and procurement activities, governance matters, the management of contingencies, the status of voluntary contributions towards the project, and the business case for the visitors' centre.

The General Assembly is requested to: (a) take note of the progress made since the issuance of the previous report; (b) take note of the updated cost plan for the Africa Hall project; and (c) appropriate resources for 2018 in the amount of $5,700,300.

* A/72/150.

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I. Update on the construction of the new office facilities (Zambezi Building) and ancillary works

A. Background

1. By its resolution 56/270, the General Assembly approved the construction of new office facilities at the Economic Commission for Africa (ECA) in Addis Ababa. Pursuant to Assembly resolutions 56/270, 60/248 A, 62/238 and 65/290, the total approved cost of the project was $15,333,200.

2. Final completion of the construction of the new office building was achieved in the third quarter of 2017. The building, which was renamed the Zambezi Building in early 2015, currently houses more than 650 staff.

3. By its resolutions 56/270 and 62/238, the General Assembly approved the required additional project components (referred to as ancillary works) related to access, safety and functionality of the new office facilities site. Final completion of the subproject relating to the generator house was achieved in the third quarter of 2017. Substantial completion of the remaining ancillary work was also to be achieved in the third quarter of 2017. Punch list items and work to rectify defects are scheduled for completion before the expiry of the defects and liability period in the third quarter of 2018. This will permit the closure of all aspects of the Zambezi Building project by the next progress report.

4. In its resolution 70/248 A, the General Assembly requested the Secretary-General to pursue his efforts to bring the matter of potential claims management to a swift conclusion. In response, ECA commissioned an independent assessment of the work done, which concluded that there had not been any breach of contract on the part of either the contractor or the consultant design firm and recommended that ECA should proceed with the completion of the contract. In that regard, ECA disbursed the scheduled payment to the contractor according to the substantial completion amount in the first quarter of 2017. In addition, in line with resolution 71/272 A, section V, paragraph 7, utility consumption in the building is being minimized further, with the completion in 2016 of a solar hot water heating system.

B. Project schedule

5. The substantial completion date of the new office facilities, as previously reported, was 19 June 2014, followed by a one-year defects and liability period, which ended in June 2015. The revised final completion date of the project was scheduled for the first quarter of 2017, which was finally extended until the third quarter of 2017, owing to the need to finalize the independent assessment report. The final completion certificate for the new office facilities work package was issued in the third quarter of 2017. The final completion certificate and the final disbursement of the remaining ancillary site work retention amounts will be effected by the third quarter of 2018 after the end of the defects and liability period. The final project close-out is anticipated at that time and any unspent funds will be reported to Member States.

C. Cost estimates

6. The overall estimated cost for the new office facilities remains unchanged at the approved amount of $15,333,200. A detailed breakdown of expenditures as at 31 August 2017 is provided in annex I to the present report.

7. Payments processed since the previous report comprise the following:

(a) A final amendment to the ancillary project contract was executed on 20 July 2016, resulting in additional work in the amount of $116,630 being completed in the second quarter of 2017. This resulted in 10 per cent of the total cost of the ancillary projects, in the amount of $170,289, being retained until the third quarter of 2017, when 5 per cent, or $85,000, was released upon substantial completion. The final 5 per cent will be disbursed by the third quarter of 2018, after the defects and liability period;

(b) The remaining 50 per cent of the new office facilities retention amounts was due for payment upon certification of the final completion, from which ECA withheld an amount for punch list items and deficiencies that could not be achieved by the contractor and to cover for damages in respect of recently imported material. A total amount of $420,108 was being disbursed upon certification of the final completion in the third quarter of 2017;

(c) By the end of 2017, the remaining amount to be paid is projected to be $88,300, comprising $85,000 reserved for the final completion disbursement in respect of the ancillary projects and $3,300 for consultancy fees.

II. Update on the Africa Hall renovation project

A. Background

8. In its resolution 70/248 A, section IX, the General Assembly approved the project scope, schedule and maximum overall costs in the amount of 56.9 million dollars for stages 3 to 5 of the Africa Hall renovation project, the establishment of a multi-year construction-in-progress account and the appropriation of an amount of $13,438,600 under the programme budget for the biennium 2016-2017. In its resolution 71/272 A, the Assembly took note of the report of the Secretary-General (A/71/370), which presented cost plan adjustments made and reduced resource requirements for the biennium 2016-2017, as well as other adjustments for the following years.

B. Project objectives

9. The main project objectives remain unchanged since the project was initially proposed (see A/69/359, para. 57). The project is aimed at addressing the inadequacies related to the building safety and functionality and making Africa Hall a rejuvenated facility that will comply with the highest international standards for conference facilities. As part of the objective of preserving and restoring the historical and cultural values embedded in the facility's architecture, the project includes a visitors' centre aimed at promoting Africa Hall as one of the leading tourist destinations in Addis Ababa and thus highlighting its significant role in modern African history.

C. Project scope

10. The project scope addresses the structural inadequacies of the building, the health of the occupants and safety issues and shortcomings in terms of access for persons with disabilities. Upgrades to the building will be undertaken in a manner that respects the original design and appearance of the spaces while ensuring compliance with best practices related to current international building standards

and codes. The scope includes the establishment of a visitors' centre to exhibit the rich history of the African continent.

11. The original scope of the renovation project in terms of the floor and external area included all elements of the Africa Hall Building covering approximately 8,300 square metres of floor area and its immediate external landscape. While completing the design, mainly as it pertains to the new visitors' entrance and the need to move the current Africa Hall retail tenants out of the building, the scope in terms of the floor and external area has been progressively refined. Table 1 indicates the detail of the areas affected by the project.

Table 1
Summary of the project areas (buildings)

Location	*Areas*	*Description of work*	*Work area according to the 2014 report of the Secretary-General (A/69/359) (square metres)*	*Work area based on the 2016 report of the Secretary-General (A/71/370) and final design (square metres)*	*Remarks*	
Congo Building	Ground floor	Retail decanting/ renovation work	1 067	1 070	–	
Africa Hall (including lobby and bridge)	All floors	Renovation and refurbishment	7 233	5 715	Area reduced owing to omission of mezzanine level	**Original scope (concept design 2014)**
Subtotal buildings (1) + (2)			**8 300**	**6 785**		
Visitors' centre	All floors	New construction	–	230	New area (to cope with security requirements)	**Refined scope (final design)**
Nile Building	Ground and first floors	Retail decanting/ renovation works	–	1 100	New area (to cope with full permanent decanting)	
Total project area (1) + (2) + (3) + (4)			**8 300**	**8 115**		

12. The priorities envisaged for the proposed renovation remain as follows:

(a) Structural upgrade, essential life and health safety and building work;

(b) Plenary Hall and associated work (includes conference engineering);

(c) External work and landscape;

(d) Heritage conservation;

(e) Visitors' centre: screening building, new entrance and reserved parking.

D. Visitors' centre and business case

13. Among other matters, in its resolution 71/272 A, the General Assembly noted the revised business case for the visitors' centre, and in this regard encouraged the Secretary-General to continue to refine the underlying assumptions and the calculation for the projected number of visitors to Africa Hall. The Secretary-General was also requested to continue his efforts to conduct outreach activities. Recalling paragraph 37 (d) of the previous report of the Advisory Committee on Administrative and Budgetary Questions (A/71/571), the Assembly also requested

the Secretary-General, in the context of future progress reports, to include updated information on the costs and expected benefits as well as income expected to be generated by the visitors' centre.

14. ECA has prepared a detailed refined business case, elaborating on measures taken to address the issues raised by the Advisory Committee and the General Assembly and incorporating information on cost estimates and the anticipated benefits of the visitors' centre. Based on this refined business case, the proposed admission fees remain as proposed in the previous report, while the annual visitor estimates have been revised upward. The gross annual revenue is now estimated at $165,100 (see table 2 for details), while the one-time start-up costs are estimated at $65,000 and the annual operating expenses are estimated at $120,100 (see table 3 for details).

Table 2
Proposed admission fees and expected revenue for the Africa Hall visitors' centre

	Admission fees				
Annual visitors	*International private primary high schools and universities*	*Senior citizens public school students disabled persons*	*International tourists and international students*	*International tourists adults*	*Gross revenue (annual)*
20 800	$3	$3	$10	$10	$165 100

Note: Based on the average costs in the market, taking into account a developing country context.

Table 3
Start-up and operation costs

Requirements	*Amounts*
A. Start-up and initiation costs (one-time costs)	
Promotional video production	15 000
Technical conversion of archival material into readable multimedia	10 000
Consultancy for setting up exhibition space and related collateral	10 000
Setting up of works of art, exhibit and related collateral	15 000
Initial advertising and promotion (presence in regional media)	15 000
Subtotal A	**65 000**
B. Annual operating expenses	
Other expendable office supplies	2 500
Advertising and promotion (marketing)	15 000
Guide uniforms	500
Contribution to support office automation and equipment	2 000
Salaries for one tour guide (individual contractor)	2 500
Miscellaneous services	1 500
Chief of Unit (P-3)	76 100
Public Information Assistant (tours) (G-4)	20 000
Subtotal B	**120 100**
Total	**185 100**

15. ECA embarked on another round of discussions with the Ethiopian Tourism Organization, as the most competent host country authority on this subject, to benefit from its assessment of a realistic estimate of the number of future visitors, both foreign and local, who could potentially visit Africa Hall.

16. As part of the continuous outreach activities related to the visitors' centre, ECA sought to learn more from the Ethiopian Tourism Organization about current and projected trends in the number of tourists expected to visit Addis Ababa over the next two to three years. Such interaction has enabled ECA to gain updated first-hand knowledge of the visitors' inflow and thus better inform the underlying assumptions for the calculation of a sustainable revenue stream for the visitors' centre.

17. The newly estimated figures now show a doubling of the initial estimates provided in 2015 for the anticipated number of visitors. The Ethiopian Tourism Organization has reiterated that, given the comparative advantage that Addis Ababa enjoys as a major conference venue, and with the massive publicity that the authorities plan to launch in early 2018, it foresees that up to 400 tourists a week could visit Africa Hall. As indicated below, reaching that target would also depend on the active collaboration of ECA with the relevant host country authorities and other partners. There has already been expressed support for the endeavour.

18. Mindful of the state of emergency in Ethiopia declared in 2016 and while reconfirming Africa Hall as a major attraction for both foreign tourists and local visitors, the Ethiopian Tourism Organization, however, cautioned that the number of potential tourists visiting Africa Hall annually could initially be lower, but was anticipated to pick up as the state of emergency situation eased over the next two to three years.

19. Barring the normal unforeseen future fluctuations in the number of visitors over time and based on regular interactions with the competent host country authorities, such as the Ethiopian Tourism Organization, ECA remains confident that the underlying assumptions and the calculation for the projected number of visitors to Africa Hall are reasonably sound. The future self-sustainment ability of the visitors' centre will be assured through the adoption by ECA of a comprehensive marketing and outreach strategy that leverages the support offered by the host country and the African Union. In the spirit of enhancing outreach and engagement with these key stakeholders of Africa Hall and in the context of its coordination meetings with the host country authorities, ECA has continued to urge the Ministry of Foreign Affairs to help to solicit firm support from the host country in publicizing Africa Hall through the various local streams of outreach activities. There are also efforts to coordinate outreach activities with the African Union, as part of awareness creation. The response from these entities has been positive.

20. In its report (A/71/571, paragraph 30 (e)), the Advisory Committee on Administrative and Budgetary Questions encouraged the Secretary-General to include detailed information on the different sources of revenue in his next report. As indicated in the previous report of the Secretary-General (A/71/370), additional revenue beyond the visitors' admission fees is expected from special fees for speakers' sessions and art exhibitions. The anticipated fees for the speakers' sessions and art exhibitions would be in line with the current United Nations Conference Centre services catalogue, which outlines the costs and modalities for space rental. In that regard, the mini-theatre would be charged at approximately $240 per day for speakers' sessions. Art exhibitors would be charged approximately $79 per 9 square metres per day, for a minimum of two days. As a result of its enhanced outreach and advertisement campaign and in collaboration with the host country authorities and the African Union in particular, ECA anticipates an

increased awareness of the services offered by the centre and an increased demand for utilization over time, resulting in supplemental sources of revenue to augment the fees collected from the visitors.

E. Project progress

21. Following the re-engagement of the lead consultant and the commencement of stage 3 (architectural and engineering services) in May 2016, a comprehensive full-scope service contract for stages 3, 4 and 5 was signed in October 2016.

22. As indicated in the previous report of the Secretary-General (A/71/370), in order to cope with the need to carry out additional professional services related to additional assessments, and upgrades required by a revised security risk assessment and the split procurement strategy, three amendments to the ongoing service contract were processed, within the change management framework established within the overall project governance structure.

23. As part of the scope of stage 3, the lead consultant has completed the detailed design and tender documentation for the early decanting work at the Congo Building and potential decanting at the Nile Building. The procurement process for the early decanting construction contract is under way, and construction is anticipated to commence by the end of 2017.

24. The detailed design for the main renovation work is expected to be completed with the tender documentation phase by the third quarter of 2017. Additional studies related to hazardous materials mitigation, fire safety assessment, equitable access assessment, adapting the entry gate to security requirements, planning the temporary and permanent swing space moves of all affected facilities at the west end of the campus, artwork conservation and detailed design of the exhibition area were also completed.

25. In response to the request by the General Assembly contained in paragraph 7, section V of resolution 71/272 A, the project will adhere to the current industry best practices to minimize the consumption of energy, water and other resources, which will in turn reduce the long-term operating costs of Africa Hall. The sustainable initiatives in the current design include water-saving fixtures, water harvesting and solar hot water, motion sensors and dimmer control for intelligent lighting, daylight sensing, passive and mixed mode ventilation, low solar transmittance glazing and improved insulation.

26. In order for the design to ensure equitable access to the building in line with the Convention on the Rights of Persons with Disabilities, which was adopted by the General Assembly in its resolution 61/106, the project management team is in close consultation with the ECA accessibility task force, participating in the regular meetings of the task force since February 2017, and is sharing best practices with other United Nations offices, as coordinated by the Office of Central Support Services.

27. Further to the country and ECA compound security risk assessments conducted in 2015 and 2016, a revision of the security risk assessment for Africa Hall was conducted by the Security and Safety Services and cleared by the Division of Headquarters Security and Safety Services in February 2017. In consultation with the Office of Central Support Services and the lead consultant, the recommended risk mitigation measures related to blast resistance at the west façade of Africa Hall have been incorporated into the main renovation detailed design, as one of the above-mentioned amendments. The security risk assessment also identified that the

Security and Safety Services will require additional manpower in dealing with the increase in pedestrian access to Africa Hall.

28. To ensure that the Africa Hall renovated information and communications technology, audiovisual and conferencing engineering design, standards and information security measures are in compliance with the global governance, policies and standards of the Organization, a working group was established in December 2016. The working group is composed of the Global Engineering Conferencing Section of the Office of Information and Communications Technology, the Overseas Property Management Unit of the Office of Central Support Services, the project management team and the Chiefs of the Information and Communications Technology Section, the Conference Management Section and the Facilities Management Section of ECA. The working group benefits from a high-level coordination and the sharing of knowledge and lessons learned from other capital projects, including the strategic heritage plan in Geneva, and provides technical guidance to the stakeholders. The group has identified several new design initiatives aimed at standardizing the systems and ensuring that the conference facility is fit for purpose. The incorporation of these upgrades into the design is currently under evaluation, with the goal of eventually integrating them into the project, within the approved maximum overall costs.

29. ECA is also coordinating closely with local academic and cultural heritage stakeholders, the host country Government and the United Nations Educational, Scientific and Cultural Organization (UNESCO) to ensure the preservation of the historical and architectural integrity of Africa Hall in the renovation work and to collect valuable information for the themes of the permanent exhibition.

F. Procurement activities

30. The contract strategy for awarding and for implementing the project is split among the early decanting work, the main renovation work, the high-technology systems/networks for conferencing, artwork conservation and the permanent exhibition.

31. The solicitation exercise for the early decanting construction services was carried out, with an expression of interest being issued in August 2016. To ensure open competition and the geographical diversity of potential qualified vendors, the expression of interest was published on the United Nations Global Marketplace and in both print and electronic media at the local level. In addition, given the unsatisfactory results of the expression of interest, the Procurement Unit included in the list other potential bidders identified through the general United Nations Global Marketplace list and a previous similar exercise carried out in the region.

32. Following the timely completion of the detailed design and construction documents by the lead consultant, the request for proposals for the early decanting construction services was issued on 10 March 2017. Bidders were given the opportunity to ask questions and receive clarifications regarding the request for proposal documents, with a view to ensuring that potential vendors fully understood the scope and requirements of the project, allowing them to accurately price and prepare their technical and commercial proposals.

33. The request for proposal evaluation process for the early decanting construction contract has been completed; however, despite all efforts made by ECA and the Procurement Division at Headquarters, only four bidders submitted their bids, two of which were considered technically compliant. The target date for commencing the decanting work is the beginning of October 2017.

34. Calls for expression of interest for the main building renovation work and the artwork conservation were issued in January and April 2017, respectively. With respect to the main building work, the responses were unsatisfactory and it was therefore decided to carry out further initiatives, such as participation in a regional construction fair to disseminate information about the project, aimed at enlarging the interest of potential bidders.

35. With respect to the works of art, given the positive results of the expression of interest, it was decided to proceed with a request for proposals divided by lots, referring to the specialities of the works, and some minor direct procurement for restoration of other art pieces, such as the carpets.

G. Solicitation of voluntary contributions

36. Beyond the contribution from Mali as reported in paragraph 50 of the previous report of the Secretary-General (A/71/370) and the ongoing discussions with Swiss authorities, which are at an advanced stage, no further pledges or contributions were received during the reporting period. As requested by the General Assembly, this process will remain ongoing throughout the project cycle. During the reporting period, ECA continued promoting the project and efforts to seek voluntary contributions through bilateral and ad hoc meetings. Moving forward, rather than approaching Member States individually, which is rather time-consuming, ECA will target Member States collectively in the context of regional or other groupings.

37. Promotional materials, which will also incorporate an appeal for voluntary support, are under development and will be disseminated at such major conferences and events as the ECA annual meeting of finance ministers, the African Development Forum and in the margins of African Union Summits in collaboration with the African Union Commission as a key stakeholder for the project. Furthermore, ECA is planning to hold a dedicated voluntary contributions event coinciding with the launch of the project, scheduled for late 2017.

38. As a follow-up to the interest in making a contribution expressed by Switzerland, in April 2017, ECA received a high-level visit from the Swiss Ministry of Foreign Affairs and, upon request, provided four options on project activities towards which consideration could be given with respect to channelling the potential Swiss contribution. Discussions on the use of the voluntary contributions received from Mali are also ongoing. Should any voluntary contributions fall within the scope of the project, a corresponding reduction of Member States assessment would be effected.

39. In response to a recent audit by the Office of Internal Oversight Services (OIOS), ECA has engaged with the Partnerships and Resource Mobilization Section, as well as with relevant departments at Headquarters, including the Office of Legal Affairs, on the development of a comprehensive resource mobilization strategy and its legal framework, especially in relation to the private sector. Further progress in that regard will be presented in subsequent progress reports.

40. ECA has also continued exchanges with the host country authorities in order to clearly define and agree on the modalities for the provision of the in-kind contribution envisaged as part of the requested piece of land to be used for the visitors parking lot.

H. Project governance

41. Pursuant to paragraph 13 of section V of General Assembly resolution 71/272 A, ECA continued its efforts, with the assistance of the Office of Central Support Services at Headquarters, to develop and complete the project governance structure to guide its operations and ensure oversight for the project.

Stakeholders Committee

42. A Stakeholders Committee was established in September 2016 and is meeting regularly. It comprises the Executive Secretary of ECA as the project owner, the Assistant Secretary-General for Central Support Services, the Director of the Division of Administration as the project executive, and the Chief of the Overseas Property Management Unit of the Office of Central Support Services and other senior users at ECA. Since the establishment of the Committee, three meetings have been held, on 6 October 2016, 28 February 2017 and 11 July 2017.

Advisory Board

43. The Advisory Board will play an independent and impartial advisory role to support the Executive Secretary of ECA, as project owner, in overseeing the project. Through the ex officio membership of key stakeholders, the Board will also serve as a platform to involve and manage the expectations of the host country authorities and the African Union/African Union Commission, and the representation of UNESCO will safeguard the heritage conservation objective.

44. Through a broad campaign, involving both ad hoc and formal communications with embassies of United Nations Member States in Addis Ababa, the Secretary-General is pleased to report that the appointments of the Board members and the selection of the Chair were successfully completed in July 2017. The Board held its first session on 10 August 2017.

45. As requested by the General Assembly, the Board membership broadly reflects geographical balance. In terms of required expertise, six of its full-time and ex officio members, including the Chair, are seasoned high-ranking diplomats at the ambassadorial level and two other members are embassy staff with an architectural and engineering background. The Board comprises representatives from the embassies of Chile, the Islamic Republic of Iran, Italy, Mali, Switzerland and Zimbabwe (Chair) as full-time members, and representatives from the host country, UNESCO and the African Union/African Union Commission will serve as ex officio members.

Administrative and coordination agreement

46. An administrative and coordination agreement between the Office of Central Support Services at Headquarters and ECA was signed in February 2017. The agreement serves as a key project management tool to provide detailed accountability and oversight of the roles and responsibilities between Headquarters and the ECA project management teams. It is expected that the recruitment of the P-4 Coordinator (currently under way) at Headquarters will also facilitate the full implementation of the agreement as part of the overall responsibilities of the envisaged functions.

Project management team

47. During the reporting period, the recruitment of the remaining dedicated project team was completed. The organization of the team, including the definition of roles and responsibilities, was finalized and the dedicated team is now fully operational.

However, it should be noted that the Procurement Officer, who has been on duty since 15 August 2016, has recently accepted employment elsewhere within the United Nations system and will therefore leave ECA at the end of October 2017. Recruitment for the replacement has started.

48. As indicated in the previous report (A/71/370) and in line with recommendations made by OIOS, the project team will be augmented with additional specialized expertise on an as-needed and ad hoc basis. ECA has started the selection of two consultants to cope with the specialized expertise required for: (a) the curatorial definition of the permanent exhibition; and (b) communication and reporting.

Support resources

49. Project support includes the positions of a Project Coordinator (P-4) and six Security Officers. The Project Coordinator, whose funding is cost-shared with the seismic mitigation retrofit and life-cycle replacements project at the Economic and Social Commission for Asia and the Pacific (ESCAP) premises in Bangkok (see A/71/333), would be located in the Office of Central Support Services at Headquarters. Recruitment is in progress and selection is expected to be effective by September 2017.

50. The recruitment of the six Security Officer positions, who will provide security, protection and controlled access to the construction site on a day-to-day basis, is also under way and anticipated to be completed before the commencement of the early decanting work later in 2017.

Regulatory framework

51. Under the overall guidance of the Overseas Property Management Unit of the Office of Central Support Services, the regulatory framework of the project was further strengthened and key project governance instruments were finalized, including: (a) the Project Manual, drawing from the global guidelines for the management of construction projects issued by the Office of Central Support Services; (b) change management procedures; and (c) payment procedures. In line with OIOS recommendations, the Office of Central Support Services also provided an appropriate delegation of procurement authority related to changes to approved contracts.

Risk management

52. In line with General Assembly resolution 71/272 A, section IV, paragraph 14, in which it was emphasized that the Office of Central Support Services should be actively involved in overseeing the project, including risk management, the Office is in the process of procuring the services of an independent risk management firm. The firm will report directly to the Office and will provide advice on the establishment of a project-specific risk management framework, and qualitative and quantitative risk analysis, including regular updates of the project risk register. Risk models will be used to determine whether the available contingency funding is adequate to cover the foreseeable risks. The costs of these services will be borne by the project and will be shared with the seismic mitigation project at ESCAP.

53. The procurement action, conducted from New York, commenced in early 2017 with the launching of a global expression of interest; 11 international firms responded to the expression of interest and 7 firms submitted proposals. As at the drafting of the present report, the process was in the final stages and the contract award was imminent.

54. In line with the governance structure, the project team has developed an integrated risk strategy, based on the analysis of actual data, including the risk register developed by a consultant. The risk analysis has been integrated by the Monte Carlo simulation method, allowing a more adequate calculation of the contingency provision linked to identified risks. The results of this exercise are provisional and will be validated by the work of the above-mentioned independent firm. They will be incorporated into the cost plan once the independent risk manager confirms their accuracy and when the bid process provides actual figures.

I. Project oversight and audits

55. OIOS has conducted two audits; the first audit of the project, which focused on the effective management of construction activities and related processes in ECA, was concluded in August 2016. The audit made three important recommendations on the project: (a) to update the staffing management plan to clarify and mitigate potential skills gaps; (b) to finalize oversight arrangements before the commencement of construction; and (c) to seek appropriate delegation of financial and procurement authority to minimize the risk of delays. All of the recommendations have been addressed and closed.

56. The second audit, which covered the period from 1 April 2015 to 31 March 2017, was conducted in April 2017 and focused on the adequacy and effectiveness of the governance, risk management and control processes. Overall, the audit found no critical or pervasive deficiencies. Several important recommendations, however, were made. As indicated above, the recommendation regarding the appointment of members of the Advisory Board was addressed in July 2017. The recommendation to update the business case for the visitors' centre is being addressed, as indicated in paragraph 14 above. The recommendations to develop a strategy for solicitation of voluntary contributions in relation to the private sector and to address fraud and corruption risks in the risk management framework are expected to be addressed by the end of 2017.

J. Coordination with the host country

57. Several coordination meetings have been held within the framework of the regular and fruitful coordination between ECA and the relevant host country authorities. Among other things, the participation of the host country in the Advisory Board has now been confirmed and the host country has nominated a high-level representative with a full background on the Africa Hall project. This should further enhance collaboration with the host country on the execution of the project.

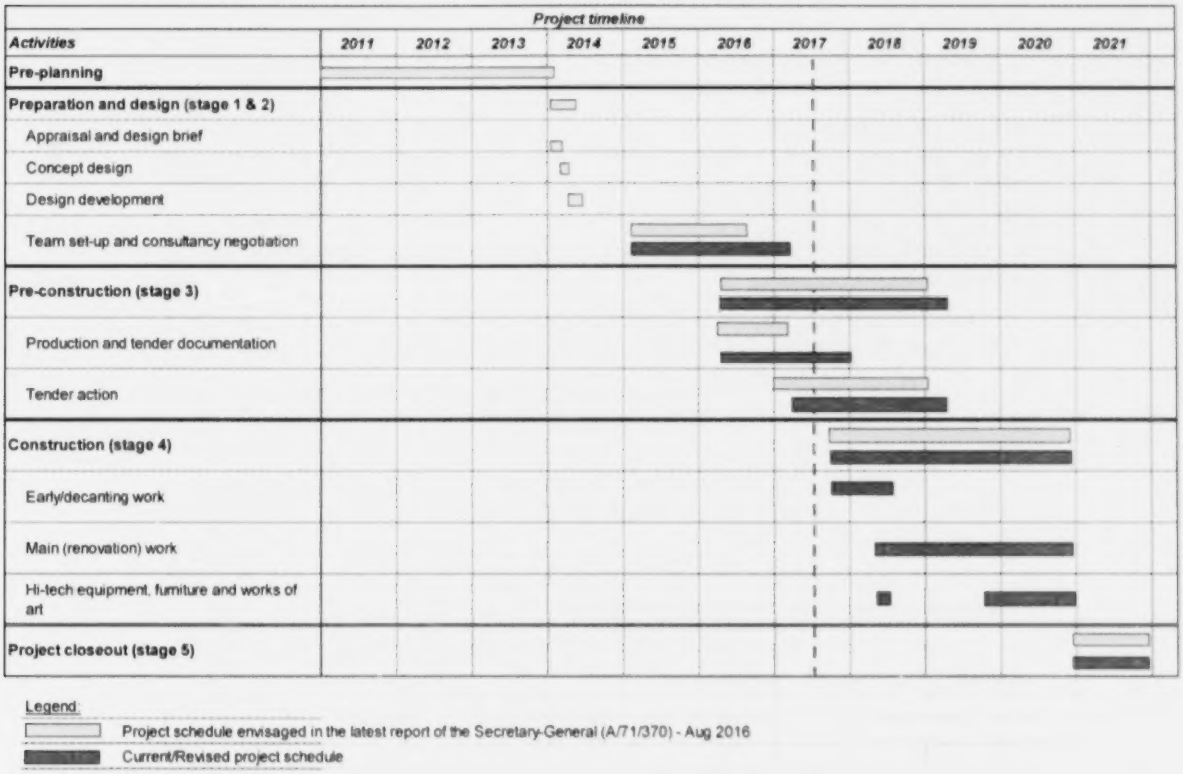
58. ECA is negotiating an amendment to the existing lease agreement with the host country in relation to the in-kind contribution of the additional parcel of land for the visitors parking lot. As a result of the active involvement of the Ministry of Foreign Affairs, relevant authorities (the Municipality) were engaged on the requested land, and technical details and negotiations are expected to be finalized before entering into the main construction period. Furthermore, in the context of regular coordination meetings, ECA and the relevant host country authorities are also expected to confirm and define all details related to operational matters such as the preferred channel for the importation of the project materials, as already pledged at the most recent high-level meeting with the President of Ethiopia, which was held in the second quarter of 2016.

59. Furthermore, together with UNESCO and the African Union, the host country has been involved in the discussions aimed at defining the specific themes, for the permanent exhibition spaces, that are not specific to the United Nations and ECA, particularly on the historical aspects of Africa Hall. The contributions of the host country and other stakeholders in respect of this matter are highly appreciated by ECA.

K. Project schedule

60. The project schedule is regularly revised and updated in order to reflect progress made. Figure I sets out the project schedule. Notwithstanding the slight delays that occurred during the reporting period, the completion of the project by the end of 2021 is still considered realistic.

Figure I
Project schedule for the renovation of Africa Hall Building as at July 2017



L. Estimated project cost

61. The cost plan is monitored closely to identify risks and reflect updates on estimated or actual expenditures, in order to avoid unforeseen cost overruns and keep expenditure under control. The finalization of the design for the main work allowed the refinement of the estimation of the trade construction costs, which are now considerably more accurate. The results of the tender process for the early/decanting work provided precise figures for the cost for this section of the work. In addition, the contracting strategy opted for a fixed total contractual lump sum amount incorporating escalation, transferring this risk to the contractor(s).

62. The contracting strategy chosen for the main work is also foreseen to embed the risk of escalation in the unit price, transferring the risk to the contractor. Given that the tender process has not yet been carried out, more precise figures will be reflected in the cost estimates when they are available, once the bid process is completed.

63. Annex II sets out the details as currently estimated for the entire duration of the project. The actual estimates, compared with the previous report, represent the following variances:

(a) Increase of $200,000 ($50,000 in the current biennium) for the decanting work, owing to the embedding of the escalation in the construction cost, as explained above;

(b) Increase of $1,042,000 ($100,000 in the current biennium) for the main building, infrastructure and new entrance, owing to a required alignment with standards and upgraded/new requirements;

(c) Decrease of $350,000 (no variation for the current biennium) for conference high-tech system/equipment, owing to design definition;

(d) Decrease of $685,000 (no variation for the current biennium) for the restoration of works of art, owing to design definition.

64. The current estimates for the construction trade costs, as at the current stage in the design development, reflect an overall increase of $7,000. This amount is still based on the initial estimation of the work and will be updated in the next progress report based on the bid results and analysed by the independent risk manager.

65. Some variances are also reflected with regard to the costs of management and professional services, namely:

(a) Increase of $267,800 for professional services (design and supervision), owing to additional services captured in the above-mentioned three amendments;

(b) Decrease of $4,900 for the dedicated team, owing to the late engagement of some members of the team, offset in part by additional costs related to relocation costs;

(c) Increase of $131,700 for the coordinator (P-4) at Headquarters, owing to the most recent standard costs, offset in part by the late recruitment of the incumbent;

(d) Increase of $23,000 for travel, owing to unexpected trips related to procurement (evaluation, business seminars).

66. Escalation is reduced by $200,000 as a result of the early work bid, as explained in paragraph 61 above.

67. The contingency provision has been adjusted accordingly and reflects a reduction of $424,600. It does not yet reflect, however, the preliminary results of the Monte Carlo simulation, aimed at linking the contingency calculation to the identified risks. However, the provision indicated in the attached cost plan (around 20 per cent) exceeds the preliminary results of the risk exercise (currently indicating 12 per cent).

M. Status of expenditures and projected expenditures for the biennium 2016-2017

68. In its resolution 70/248 A, the General Assembly approved an appropriation of $13,438,600 for the project and in its resolution 71/272 A, an additional amount of $37,600 for the physical security of the project. The total appropriation for 2016-2017 for this project therefore amounts to $13,476,200.

69. Table 4 shows the actual expenditures as at 30 June 2017, the projected expenditures for the remaining part of 2017 and the projected unused balance at the end of 2017. As shown in the table, the total projected expenditures in 2016-2017 amount to $5,101,200. Compared with the total appropriation of $13,476,200, an unspent balance at the end of 2017 is projected in the amount of $8,375,000.

Table 4
Status of expenditures as at 30 June 2017 for the Africa Hall renovation project
(Thousands of United States dollars)

	Approved funding for the biennium 2016-2017	*Actual expenditures as at 30 June 2017*	*Projected expenditures from 1 July to 31 December 2017*	*Total projected expenditures in 2016-2017*	*Projected unused balance at the end of 2017*
	(a)	*(b)*	*(c)*	*(d) = (b) + (c)*	*(e) = (a)-(d)*
Section 18, Economic and social development for Africa					
Project management team	1 217.3	708.5	437.2	1 145.7	71.6
Consultancies/expertise	–	–	40.0	40.0	(40.0)
Travel	36.0	29.6	16.9	46.5	(10.5)
Subtotal, Section 18	**1 253.3**	**738.1**	**494.1**	**1 232.2**	**21.1**
Section 33, Construction, alteration, improvement and major maintenance					
Early/decanting work	5 459.7	–	400.0	400.0	5 059.7
Main construction		–	100.0	100.0	(100.0)
Furniture and high-tech equipment	–	–	–	–	–
Art and exhibits	–	–	–	–	–
Escalation (pre-construction)	742.2	–	–	–	742.2
Escalation (construction)	–	–	–	–	–
Professional services — design and supervision	3 952.5	2 495.7	604.4	3 100.1	852.4
Professional services — risk management		–	53.5	53.5	(53.5)
Contingency (work and professional services)	2 030.9	267.9	(90.1)	177.8	1 853.1
Subtotal, Section 33	**12 185.3**	**2 763.6**	**1 067.8**	**3 831.4**	**8 353.9**
Section 34, Safety and security					
Physical security requirements	37.6	–	37.6	37.6	–
Total estimated costs	**13 476.2**	**3 501.7**	**1 599.5**	**5 101.2**	**8 375.0**

70. Table 5 shows the variances between the projected expenditures for 2016-2017 as reflected in the previous report of the Secretary-General (A/71/370) compared with those in the current report. The reasons for the variances are as follows:

(a) An increase of $50,000 for the early work, as explained in paragraph 63 (a) above;

(b) An increase of $100,000 for the main work, owing to the anticipation that some work related to infrastructure now includes lot C of the early work package;

(c) A decrease of $29,000 for escalation, owing to the embedding of this line item in the construction trade costs (see above explanation);

(d) A decrease of $538,900 for professional services (design), owing to the postponement of some procurement processes;

(e) A decrease of $36,500 for risk management and other professional services, owing to the late engagement of the firm, offset in part by the inclusion of some items linked to procurement processes;

(f) A decrease of $625,800 for contingency provision, part of which is being used for additional services and management costs (i.e. $417,600), and the rest owing to postponement of activities;

(g) A decrease of $62,500, owing to the late engagement of some members of the team;

(h) A decrease of $20,000 for consultancies, owing to the postponement of the construction activities to which they were related;

(i) An increase of $13,500 for travel, owing to the need for staff to travel from Headquarters to ECA to carry out the technical evaluation for the early/decanting work and to regional construction fairs in order to publicize the request for proposals.

Table 5

Revision of the cost plans of the Africa Hall renovation project for the biennium 2016-2017

(Thousands of United States dollars)

	Projected expenditures in previous report (A/71/370)	*Revised projected expenditures in current report*	*Variances*
	(a)	*(b)*	*(b)-(a)*
Section 18, Economic and social development for Africa			
Project management team	1 208.2	1 145.7	(62.5)
Consultancies/expertise	60.0	40.0	(20.0)
Travel	33.0	46.5	13.5
Subtotal, Section 18	**1 301.2**	**1 232.2**	**(69.0)**
Section 33, Construction, alteration, improvement and major maintenance			
Early/decanting work	350.0	400.0	50.0
Main construction		100.0	100.0
Furniture and high-tech equipment			–
Art and exhibits			–
Escalation (pre-construction)	29.2		(29.2)
Escalation (construction)			–
Professional services — design and supervision	3 639.0	3 100.1	(538.9)
Professional services — risk management	90.0	53.5	(36.5)
Contingency (work and professional services)	803.6	177.8	(625.8)
Subtotal, Section 33	**4 911.8**	**3 831.4**	**(1 080.4)**
Section 34, Safety and security		–	–
Physical security requirements	37.6	37.6	–
Total estimated costs	**6 250.6**	**5 101.2**	**(1 149.4)**

N. Resource requirements for 2018

71. As indicated in annex II, the projected expenditure in 2018 is in the amount of $14,075,300. After offsetting the expected unused balance at the end of 2017 in the amount of $8,375,000 as indicated in table 4 and paragraph 70 above, the net funding requirements for 2018 amount to $5,700,300. Further details are provided in table 6.

Table 6
Resource requirements for 2018
(Thousands of United States dollars)

	Projected expenditures in 2018	*Projected unused balance at the end of 2017*	*Net funding requirements in 2018*
	(a)	*(b)*	*(a)-(b)*
Section 18, Economic and social development for Africa			
Project management team	848.5	71.6	776.9
Consultancies/expertise	60.0	(40.0)	100.0
Travel	18.0	(10.5)	28.5
Subtotal, Section 18	**926.5**	**21.1**	**905.4**
Section 33, Construction, alteration, improvement and major maintenance			
Early/decanting work	1 650.0	5 059.7	(3 409.7)
Main construction	6 800.0	(100.0)	6 900.0
Furniture and high-tech equipment	–	–	–
Art and exhibits	100.0	–	100.0
Escalation (pre-construction)	–	742.2	(742.2)
Escalation (construction)	880.4	–	880.4
Professional services — design and supervision	1 303.4	852.4	451.0
Professional services — risk management	100.0	(53.5)	153.5
Contingency (work and professional services)	2 164.8	1 853.1	311.7
Subtotal, Section 33	**12 998.6**	**8 353.9**	**4 644.7**
Section 34, Safety and security		–	–
Physical security requirements	150.2	–	150.2
Total estimated costs	**14 075.3**	**8 375.0**	**5 700.3**

O. Next steps

72. The proposed actions to be undertaken during the next reporting period are:

(a) Completing the selection and the contracting of the independent risk management firm, allowing for the definition of a detailed risk strategy and the commencement of a quantitative analysis of risks, and the required level of the contingency provision;

(b) Awarding and starting the early/decanting construction work;

(c) Completing the activities foreseen for stage 3, including the tender and award for the main construction work;

(d) Signing the amendment to the lease agreement with the host country to define the use and development of the additional land for the visitors parking lot and the preferred procedures for the importation of material;

(e) Identifying and defining the themes and the curatorial aspects of the permanent exhibition in order to proceed with the final design and procurement of the work and related services.

III. Update on the renovation and occupancy of the United Nations Conference Centre at Addis Ababa

A. Renovation work at the United Nations Conference Centre at Addis Ababa

73. The renovation of the Conference Centre continued and resulted in the completion of two activities and progress in two other areas.

74. The reroofing was completed on time and the commencement of the replacement of obsolete equipment was initiated with the installation of monitors in the interpreters' booths. Other work, including the replacement of projectors with light-emitting diode screens and high-definition cameras in conference rooms 3, 4, 5 and 6, is expected to be completed during the biennium 2018-2019.

75. The recarpeting of the Conference Centre is currently four months behind schedule owing to an unavoidable administrative delay in the contractor accessing foreign exchange for the importation of new carpets from abroad. In an effort to have this work completed within the specified time frame, ECA is providing support to the contractor to obtain letters of credit in order to move the importation process forward.

76. A master capital investment plan has been developed to facilitate digital technology upgrades during the period 2017-2022. A complete inventory of obsolete equipment to be upgraded has been carried out, with the support of the Global Engineering and Conferencing Section at Headquarters in New York and the Information Technology Unit of the Division of Conference Services at the United Nations Office at Nairobi.

77. In addition, steady progress by ECA has allowed it to begin incorporating accessible services into the phased renovation of its Conference Centre. A first step is the installation of redesigned accessible podiums with adjustable lecterns, which is on schedule for placement in conference rooms 1 and 2.

B. Occupancy of the United Nations Conference Centre

78. The Conference Centre continued its leading trend in providing conference services in Africa, maintaining an annual occupancy rate of 93 per cent, well above the United Nations required threshold. The Centre expanded its strategic efforts through five marketing initiatives relating to meetings, incentives, conferences and events, targeting local, regional and international conference and event markets. The engagement of 27 new clients accounted for 13.05 per cent of the annual use of the Conference Centre by local, regional and international external clients. Internal clients and United Nations agencies accounted for 86.95 per cent of its annual use. In the wake of the proclamation of the state of emergency in the country, six major international events that could have fetched a very high occupancy level at the Centre were relocated to other venues outside Ethiopia. This had a negative impact

on the occupancy rate for the first half of 2017 (at 61 per cent), with 365 meetings planned and held, compared with the occupancy rate of 87 per cent achieved during the corresponding period in 2016, with 520 meetings held.

IV. Recommended actions to be taken by the General Assembly

79. **The General Assembly is requested to:**

(a) **Take note of the progress made since the issuance of the previous progress report;**

(b) **Take note of the revised cost plan for the Africa Hall project;**

(c) **Appropriate an amount of $5,700,300 for the project for 2018, comprising $905,400 under section 18, Economic and social development for Africa, $4,644,700 under section 33, Construction, alteration, improvement and major maintenance, and $150,200 under section 34, Safety and security, of the proposed programme budget for the biennium 2018-2019, which will represent a charge against the contingency fund.**

Annex I

Project costs for the construction of new office facilities (the Zambezi Building) at the Economic Commission for Africa

(Thousands of United States dollars)

	Expenditure as at 31 December 2014	*Expenditure during 2015*	*Expenditure January to August 2016*	*Estimated total for 2015-2016*	*Payment from September 2016 to August 2017*	*Future expenditure, from September 2017 to December 2018*	*Total actual expenditure*	*Contractual obligation*	*Difference*
	(a)	*(b)*	*(c)*	*(d) = (b) + (c)*	*(e)*	*(f)*	*(g) = (a) + (b) + (c) + (e) + (f)*	*(h)*	*(h) (g)*
Approved in resolutions 56/270 and 60/248									
Construction costs[a]	8 427.9	–	468.4	468.4	433.2	85	9 414.5	9 445.4	30.90
Design, consultancy services and project coordination	1 652.9	19.6	17	36.6		3.3	1 692.8	1 692.8	–
Site work[b]	1 165.9	187.9	122.9	310.8	308.8	–	1 785.5	1 785.5	–
Workstations and furniture	331.3	24	–	24	–	–	355.3	355.5	0.20
Installation of information technology and telephone equipment	614.3	–	–	–	–	–	614.3	614.3	–
Safety and security[c]	759.8	–	–	–	–	–	759.8	759.8	–
Internal access roads[c]	233.7	8.5		8.5	–	–	242.2	242.2	–
Parking and landscaping[d]	–	–	–	–	–	–	–	–	
Generators and generator house[d]	406.7	14.8	16.2	31	–	–	437.7	437.7	–
Total	**13 592.5**	**254.8**	**624.5**	**879.3**	**742**	**88.3**	**15 302.1**	**15 333.2**	**31.10**

[a] Construction costs include: the main contract value of $7,451,700, as signed on 1 April 2010; amendment 1 for additional resources totalling $1,000,100 from the budgets of the United Nations Office to the African Union and African Union-United Nations Hybrid Operation in Darfur for the top floor; amendments 2-15, totalling $1,437,600, less savings from value engineering of $522,100. These also include amendment 12, which generated savings of $93,000 as a result of the centralization of the uninterrupted power supply system. A final completion payment of $88,300 is programmed for the second quarter of 2018.

[b] Ancillary projects phase II.

[c] Resources in the amount of $759,800 for security requirements were approved under section 33, Safety and security, in resolution 62/238 as part of the programme budget for the biennium 2008-2009.

[d] Ancillary projects phase I.

Annex II

Revised cost plan for the renovation of the Africa Hall Building at the Economic Commission for Africa

(Thousands of United States dollars)

	2016	*2017*	*2018*	*2019*	*2020*	*2021*	*Total as reported in the current report*	*Total as reported in document A/71/370*	*Difference*
Section 33, Construction, alteration, improvement and major maintenance									
Construction costs									
Early/decanting work:									
-- Essential lots: Congo Building[a]	–	400.0	750.0	–	–	–	1 150.0	1 850.0	200.0
-- Optional lot D — Nile Building[a]	–	–	900.0	–	–	–	900.0		
Main building, visitors' entrance, infrastructure and external work	–	–	6 400.0	7 300.0	7 300.0	2 342.0	23 342.0	22 800.0	1 042.0
Infrastructure work to be anticipated (with the early/decanting work)	–	100.0	400.0	–	–	–	500.0		
Conference high-technology system/ equipment	–	–	–	1 700.0	1 700.0	500.0	3 900.0	4 250.0	(350.0)
Art restoration and exhibition	–	–	100.0	–	1 400.0	151.0	1 651.0	2 336.0	(685.0)
Escalation (pre-construction)[b]	–	–	–	–	–	–	–	29.2	(29.2)
Escalation (construction)[b]	–	–	880.4	1 979.4	2 420.3	426.3	5 706.4	5 877.2	(170.8)
Professional services: design and supervision	2 760.1	340.0	1 303.3	750.0	700.0	264.1	6 117.5	5 849.6	267.9
Professional services: risk management	3.5	50.0	100.0	100.0	100.0	46.5	400.0	400.0	–
Contingency (work and professional services)	–	177.8	2 164.8	2 363.8	2 721.6	745.8	8 173.8	8 598.1	(424.7)
Subtotal, construction costs	**2 763.6**	**1 067.8**	**12 998.5**	**14 193.2**	**16 341.9**	**4 475.6**	**51 840.6**	**51 990.4**	**(149.8)**
Section 18, Economic and social development for Africa									
Project management									
Dedicated project management and support team	320.7	775.0	750.0	750.0	750.0	300.0	3 645.7	3 650.6	(4.9)
Dedicated coordinator at the Office of Central Support Services (50 per cent of costing)	–	50.0	98.6	98.6	98.6	98.6	444.2	312.5	131.7

	2016	2017	2018	2019	2020	2021	Total as reported in the current report	Total as reported in document A/71/370	Difference
Consultancies/expertise	–	40.0	60.0	60.0	60.0	38.5	258.5	258.5	–
Travel	16.5	30.0	18.0	18.0	18.0	6.0	106.5	83.5	23.0
Subtotal, project management costs	**337.2**	**895.0**	**926.6**	**926.6**	**926.6**	**443.1**	**4 454.9**	**4 305.1**	**149.8**
Section 34, Safety and security									
Physical security requirements	–	37.6	150.2	150.2	150.2	112.6	600.8	600.8	–
Total	**3 100.8**	**2 000.4**	**14 075.3**	**15 269.9**	**17 418.7**	**5 931.3**	**56 896.3**	**56 896.3**	**–**

[a] Figures based on the actual cost resulting from the tender process.

[b] Escalation is reduced by $200,000 as a result of the early work bid, reflecting the portion that has taken place.